

Good Morning. Thank you for allowing me the opportunity to testify today. My name is Antoinette Flores. I'm a Policy Analyst on the Postsecondary Education Team at the Center for American Progress.

CAP has invested time over the past year thinking about simplifying the financial aid system.

Usually, when people discuss aid simplification, they are referring to the point at which a student applies for federal aid.

But to truly simplify the system, we need to address every stage of a student's education – from before they think about college, to the time they apply, during college, and even after they leave.

My recommendations today are anchored in the belief that the aid system should be transparent, accessible, and understandable at all points.

Let's start with the FAFSA. We can all acknowledge that, despite repeated efforts to improve it, the form still serves as a barrier to college access. There are three main problems with the form: it's too long; it's unnecessarily difficult; and it's poorly timed.

A potential solution – one that's been attempted in the past – is to simply shorten the form. But that alone doesn't address timing and aid awareness.

Another option that's received wide support is to allow students to apply sooner with earlier income information, creating a more streamlined application process.

We certainly support this effort as it addresses more aspects of the problems. But efforts should not end there.

The reason why so many simplification proposals focus on the point of aid application is because that is the point when a student first interacts with the Department of Education.

But that assumes families have already deemed the cost of college to be affordable or at least achievable, without knowing their aid eligibility.

In fact, that's not the time that families, particularly low-income families, make many of their decisions and assumptions about college.

Those assumptions occur long before senior year of high school. The FAFSA's lack of cost visibility doesn't help those who are unaware that aid is available or who fear that college is unaffordable—decreasing the likelihood that they apply or even prepare.

Since cost is often a deterrent, financial aid should act as an incentive. For these reasons, not only should students be able to apply for financial aid using older tax data, they should know eligibility much sooner, and be able to apply by filing taxes, providing an early guarantee of aid.

Most information needed to calculate eligibility is already collected through the IRS. Students and families should be told as early as eighth grade how much aid and the types of aid they qualify for when filing their taxes.

Since more than half of current Pell eligible students are over age 24, allowing tax filers to simply check a box and receive their aid eligibility would be a game changer for older students as well.

Next, I'll talk about financial aid during college. Today students apply annually and many enroll by semester.

That means a bachelor's degree recipient has at least four different aid awards with varying grant and loan amounts.

A low-income student likely has a combination of subsidized and unsubsidized loans each year meaning that by the time they graduate, bachelor's degree recipients will probably have taken out at least 8 different loans all with varying interest rates.

This makes it very difficult for a student to be aware of exactly how much they've borrowed.

One potential solution is to simply extend a line of credit over the course of their education and allow the same interest rate throughout, helping students keep track of how much they are borrowing and how much they owe when they leave.

Lastly I'll discuss what happens when a student leaves college. Today, significant shares of borrowers in repayment do not make timely payments on their loans, relying on forbearance, deferment, or ultimately defaulting.

To help struggling borrowers, the Department has focused on income-based repayment. And while the number of borrowers taking advantage of these plans has increased, so has the number of defaulters.

Income-based repayment is critical to helping students but the way it's currently designed is inefficient. Today there are seven repayment plans with varying terms and benefits, with an eighth plan proposed.

The abundance of options causes confusion and makes it difficult to choose the best plan for an individual borrower's circumstances.

The Department has indicated it intends to eventually establish a single income-driven repayment plan, and that should remain the primary goal.

But in order to achieve a single plan, older plans should be phased out to new borrowers.

Finally, the recertification process needs to be streamlined. Over half of borrowers enrolled in income-driven repayment plans fail to recertify their income on time.

Of those, 30 percent subsequently enter deferment or forbearance. The recertification process is not clear.

And when students fail to recertify, they are switched back to the standard plan with no effort to keep them on track. Income-based repayment should last 20 or 25 years but students are having trouble getting past year 1.

The result is, many end up behind on payments or worse. The Department should continue to develop a process that allows borrowers to authorize access to their income information for multiple years.

Focusing on simplification is an important goal and streamlining the aid process from beginning to end is in the best interest of students. So I thank you for the attention to these issues and thank you again for the opportunity to testify.